

SENATE BILL No. 455

August 1, 1991, Introduced by Senators FAXON and WELBORN
and referred to the Committee on Finance.

A bill to amend section 522 of Act No. 281 of the Public
Acts of 1967, entitled
"Income tax act of 1967,"
as amended by Act No. 254 of the Public Acts of 1987, being sec-
tion 206.522 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 522 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 254 of the Public Acts of 1987, being
3 section 206.522 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 522. (1) The amount of a claim made pursuant to this
6 chapter shall be determined as follows:

7 (a) A claimant ~~—, other than a senior citizen, a paraplegic~~
8 ~~or quadriplegic, a totally and permanently disabled person, an~~
9 ~~eligible serviceperson, an eligible veteran, an eligible widow or~~

1 ~~widower, or a blind person,~~ is entitled to a credit against the
2 state income tax liability equal to 60% of the amount by which
3 the property taxes on the homestead, or the credit for rental of
4 the homestead for the taxable year, exceeds 3.5% of the
5 claimant's ~~total~~ household income for that taxable year. FOR
6 TAX YEARS AFTER 1992 AND BEFORE 1996, IF A SENIOR CITIZEN WHOSE
7 INCOME DOES NOT EXCEED THE QUOTIENT THAT RESULTS FROM DIVIDING
8 THE PROPERTY TAXES ON THE CLAIMANT'S HOMESTEAD BY 3.5%, OR DIVID-
9 ING THE CREDIT FOR RENTAL OF THE CLAIMANT'S HOMESTEAD BY 3.5%,
10 RESIDES IN THE CLAIMANT'S HOMESTEAD, THE CLAIMANT IS ENTITLED TO
11 A CREDIT AGAINST THE STATE INCOME TAX LIABILITY EQUAL TO 100% OF
12 THE AMOUNT BY WHICH THE PROPERTY TAXES ON THE HOMESTEAD, OR THE
13 CREDIT FOR RENTAL OF THE HOMESTEAD OF THE CLAIMANT, FOR THE TAX-
14 ABLE YEAR EXCEEDS 3.5% OF THE CLAIMANT'S TOTAL HOUSEHOLD INCOME
15 FOR THAT TAXABLE YEAR.

16 (b) A CLAIMANT WHO IS A senior citizen or a paraplegic or
17 quadriplegic is entitled to a credit against the state income tax
18 liability for the amount by which the property taxes on the home-
19 stead, the credit for rental of the homestead, or a service
20 charge in lieu of ad valorem taxes as provided by section 15a of
21 the state housing development authority act of 1966, Act No. 346
22 of the Public Acts of 1966, as amended, being section 125.1415a
23 of the Michigan Compiled Laws, for the taxable year exceeds the
24 percentage of the claimant's ~~total~~ household income for that
25 taxable year computed as follows:

	Household income	Percentage
2	Not over \$3,000.00	0%
3	Over \$3,000.00 but not over \$4,000.00	1.0%
4	Over \$4,000.00 but not over \$5,000.00	2.0%
5	Over \$5,000.00 but not over \$6,000.00	3.0%
6	Over \$6,000.00	3.5%

7 (c) A CLAIMANT WHO IS totally and permanently disabled
8 ~~person~~ is entitled to a credit against the state income tax
9 liability equal to 60% of the amount by which the property taxes
10 on the homestead, or the credit for rental of the homestead or
11 for a service charge in lieu of ad valorem taxes as provided in
12 section 15a of the state housing development authority act of
13 1966, ~~being section 125.1415a of the Michigan Compiled Laws~~ ACT
14 NO. 346 OF THE PUBLIC ACTS OF 1966, for the taxable year, exceeds
15 the percentage of the claimant's ~~total~~ household income for
16 that taxable year based on the schedule in subdivision (b).

17 (d) ~~An~~ A CLAIMANT WHO IS AN eligible serviceperson, eligi-
18 ble veteran, or eligible widow or widower is entitled to a credit
19 against the state income tax liability for a percentage of the
20 property taxes on the homestead for the taxable year not in
21 excess of 100% determined as follows:

22 (i) Divide the state equalized value allowance specified in
23 section 506 by the state equalized value of the homestead or, if
24 the eligible serviceperson, eligible veteran, or eligible widow
25 or widower leases or rents a homestead, divide 17% of the total
26 annual rent paid on the property by the property tax rate on the
27 property.

1 (ii) Multiply the property taxes on the homestead by the
2 percentage computed in subparagraph (i).

3 (e) A claimant who is blind is entitled to a credit against
4 the state income tax liability for a percentage of the property
5 taxes on the homestead for the taxable year determined as
6 follows:

7 (i) If the state equalized value of the homestead is
8 \$3,500.00 or less, — 100% of the property taxes.

9 (ii) If the state equalized value of the homestead is more
10 than \$3,500.00, the percentage that \$3,500.00 bears to the state
11 equalized value of the homestead.

12 (2) A person who is qualified to make a claim ~~in~~ UNDER
13 more than 1 ~~capacity~~ CLASSIFICATION shall elect the ~~capacity~~
14 ~~in~~ CLASSIFICATION UNDER which the claim is made.

15 (3) Only 1 claimant per household for a tax year is entitled
16 to the credit, unless both the husband and wife filing a joint
17 return are blind, then each shall be considered a claimant.

18 (4) As used in this section, "totally and permanently
19 disabled" means disability as defined in section 216 of title II
20 of the social security act, CHAPTER 531, 49 STAT. 620, 42 U.S.C.
21 416.

22 (5) A senior citizen who has a total household income for
23 the taxable year of \$6,000.00 or less and who for 1973 received a
24 senior citizen homestead exemption under former section 7c of THE
25 GENERAL PROPERTY TAX ACT, Act No. 206 of the Public Acts of 1893,
26 may compute the credit against the state income tax liability for

1 a percentage of the property taxes on the homestead for the
2 taxable year determined as follows:

3 (a) If the state equalized value of the homestead is
4 \$2,500.00 or less, — 100% of the property taxes.

5 (b) If the state equalized value of the homestead is more
6 than \$2,500.00, the percentage that \$2,500.00 bears to the state
7 equalized value of the homestead.

8 (6) For a return of less than 12 months, the claim shall be
9 reduced proportionately.

10 (7) The commissioner may prescribe tables that may be used
11 to determine the amount of the claim.

12 (8) The total credit allowed in this section ~~for a taxable~~
13 ~~period prior to January 1, 1976, shall not exceed \$500.00 per~~
14 ~~year and for each year after December 31, 1975,~~ shall not exceed
15 \$1,200.00 per year.

16 (9) The total credit allowable under this act and the farm-
17 land and open space preservation act, Act No. 116 of the Public
18 Acts of 1974, as amended, being sections 554.701 to 554.719 of
19 the Michigan Compiled Laws, shall not exceed the total property
20 tax due and payable by the claimant in that year. The amount BY
21 WHICH the credit exceeds the property tax due and payable shall
22 be deducted from the credit claimed under THE FARMLAND AND OPEN
23 SPACE PRESERVATION ACT, Act No. 116 of the Public Acts of 1974,
24 as amended.